

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7704**

**BILL NUMBER:** HB 1627

**NOTE PREPARED:** Feb 11, 2003

**BILL AMENDED:** Feb 10, 2003

**SUBJECT:** Telecommunications Services.

**FIRST AUTHOR:** Rep. Mahern

**FIRST SPONSOR:** Sen. Merritt

**BILL STATUS:** As Passed - House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill states the authority of the Indiana Utility Regulatory Commission (IURC) relating to: (1) the unbundling of telecommunications services; and (2) establishing rates and charges for interconnection and network elements. The bill requires the Commission to establish these rates and charges before January 1, 2004. The bill provides that the Indiana Utility Regulatory Commission may not regulate a provider of high speed Internet access service or broadband service. It also provides that the commission's lack of jurisdiction over high speed Internet access or broadband service does not relieve an incumbent local exchange telecommunications service provider of its obligation under the Telecommunications Act of 1996 to provide unbundled access to certain network elements to the extent specifically required by FCC regulations. The bill authorizes a provider of telecommunications services to take certain actions to persuade a customer who has switched to another provider to return to the original telecommunications provider.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) The bill will require the IURC to make adjustments to certain rates and charges currently established for interconnection, collocation, and network elements before January 1, 2004. While the bill will require the IURC to evaluate its current procedures, this review is not expected to have a significant fiscal impact.

*Background on IURC and Office of the Utility Consumer Counselor (OUCC) Funding:* The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year.

Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2002, fees from the utilities and fines generated approximately \$9.5 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** John Parkey, 317-232-9854